

Department of Administration

Health Care and Benefits Division

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State Employee Group Benefit Plan

- Created in 1979
- Authorized in Title 2, Chapter 18, Parts 7 & 8
 - Eligibility for the plan is established in 2-18-702, MCA
 - The plan covers employees, legislators, retirees, and their dependents
 - Continued coverage authorized for term-limited legislators in 2-18-820, MCA
 - Employer contributions are provided for in 2-18-703, MCA
- Largest group employer plan in Montana (covers over 32,000 lives)

State Employee Group Benefit Plan

- Total expenditures for self-insured benefits exceed \$100M per year
- Third largest insurer in Montana (follows Blue Cross and State Fund in total number of lives where insurance risk is covered)
- Funded through employer contribution, employee and retiree premiums, investment earnings, and Medicare retiree drug subsidy

State Employee Group Benefits Advisory Council (SEGBAC)

- The State Employee Group Benefits Advisory Council (SEGBAC) is created in 2-15-1016, MCA
- Statute requires seats for retirees and labor organization representatives
- Operation of the plan is delegated to the department in 2-18-811, MCA in consultation with SEGBAC (2-18-810, MCA)
- Win-Win for all stakeholders

State Employee Group Benefits

State Employee Benefit Plan Enrollment by Group Benefit Type	Active Employee **	COBRA **	Retirees Under 65 **	Medicare Retirees **	Total **
Medical and Prescription Drug (*)	12,272	66	1,026	2,344	15,708
Dental (*)	12,272	46	881	1,937	15,136
Life Insurance	12,272	N/A	N/A	N/A	12,727
Vision	5759	21	169	443	6392
Long-Term Disability	2,245	N/A	N/A	N/A	2,245
Long-Term Care					893
Medical Flex Plan (*)	5,800	N/A	N/A	N/A	5,800
Dependent Care Flex Plan (*)	501	N/A	N/A	N/A	501
Employee Assistance Program (*)					3,297
Wellness Programs (*)					3,141

(*) These programs are self-insured. The State of Montana is responsible for all risk associated with offering these benefits. All other benefits are purchased from vendors and are fully insured.

(**) Total contracts by category. (There are over 32,000 total covered lives.)

Present Law Adjustments

DP 2102 (A-224) - HCBD Insurance Claims/Admin Cost Trends

- State plan must be actuarially sound (2-18-812, MCA)
- Insurance company reserve levels must be 200% or above (33-2-1902, MCA et. al)
- Actuary projects 8% medical and 11% Rx (a 9% combined overall trend) inflationary increase
- Observed trend was 9.8% through 3rd quarter 2008
- Reserve levels estimated at:
 - 201% of Authorized Control Level for 2009
 - 225% of Authorized Control Level for 2010 and 2011

Present Law Adjustments

DP 2104 (A-224) - Daycare Lease Rate

- Facility-based program to minimally subsidize day care for state workers
- Losing facility lease in 2009
- Working with Department of Health and Human Services to develop pilot for high quality early child care
- Pilot will move to a slot-based program on a contract basis
- Requesting \$5,285 in FY2010 and \$7,151 in FY2011 for state special revenue authority

Present Law Adjustments

DP 2107 (A-224) - Annual 5% increase in Flexible Spending

- As the economy deteriorates, people look for more effective ways to meet their health care costs
- State offers a 'cafeteria' plan to employees
- Tax-advantaged contributions to pay out-of-pocket costs for medical and day-care expenses

New Proposals

DP 2103 (A-225) – SABHRS Support Provided by HCBF- 1.00 FTE

- SABHRS Human Resources (HR) program is an integrated payroll and benefits eligibility system
- SABHRS HR is the system supporting all benefit eligibility tasks including state and federal law changes
- Until 2007 only 1.0 FTE supported benefits functions. Substantial workload increases required us to hire an additional 1.0 modified FTE.

New Proposals

DP 2108 (A-225) - Attorney FTE

- Substantial backlog of work from insurance contracts, plan documents, policy review, and provider or vendor negotiations
- Currently utilizing outside counsel (\$175 per hour)
- Position transferred from General Services Division

Language in HB 2 (A-226)

Language in HB2 - "The department is appropriated up to \$500,000 of state special revenue each year of the biennium to assist agencies in reducing workers' compensation injuries and costs. These funds may not be expended for activities that duplicate other agency expenditures or programs."